



Sean Rogan
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Don Knabe
Michael D. Antonovich
Commissioners

June 23, 2015

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVAL OF FUNDING FOR THE MOSAIC GARDENS AT POMONA AFFORDABLE HOUSING
DEVELOPMENT
(DISTRICT 1) (3 VOTE)**

SUBJECT

This letter recommends an allocation of \$3,450,000 for the Mosaic Gardens at Pomona project, a 49-unit affordable multifamily housing development to be located in the City of Pomona. This letter also recommends that your board approve the transfer of \$100,000 in County General Funds, specifically Homeless Service Center Funds from the First Supervisorial District to the Community Development Commission (Commission). The Commission will combine these funds with \$750,000 in existing First Supervisorial District Homeless Service Center Funds allocated for this purpose and \$2,600,000 in Affordable Housing Trust Funds to total \$3,450,000. Mosaic Gardens at Pomona is one of the 10 projects selected as a result of Notice of Funding Availability (NOFA) for Affordable Multifamily Rental Housing, Round 20 issued by the Commission.

IT IS RECOMMENDED THAT THE BOARD:

1. Acting as a responsible agency pursuant to the California Environmental Quality Act (CEQA), certify that the Commission has considered the attached Notice of Exemption for the Mosaic Gardens at Pomona project, which was prepared by the City of Pomona as lead agency; and find that this project will not cause a significant impact on the environment.
2. Approve and authorize the transfer of up to \$100,000 in County General Funds, specifically Homeless Service Center Funds allocated to the First Supervisorial District, to the Commission, which will then loan the funds to LINC Housing Corporation for the 49-unit Mosaic Gardens at Pomona project.

3. Approve a loan to LINC Housing Corporation for the Mosaic Gardens at Pomona project, using Affordable Housing Trust Funds and Homeless Service Center Funds, in a total amount of up to \$3,450,000.
4. Authorize the Executive Director, or his designee, to negotiate, execute, and if necessary, amend or terminate the loan agreement with LINC Housing Corporation, or its approved single asset entity, and all related documents, including, but not limited to, documents to subordinate the loan to permitted construction and permanent financing, and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation of this project, following approval as to form by County Counsel.
5. Authorize the Commission to accept the \$100,000 in Homeless Service Center Funds from the First Supervisorial District and to incorporate, as needed, up to \$3,450,000 into the Commission's approved Fiscal Year 2015-2016 budget, for the purposes described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

A total of 10 projects were selected for funding awards through NOFA Round 20, seven of which were previously approved for funding. Approval of this project is requested to ensure that it can meet the July 1, 2015 deadline for submitting a Low Income Housing Tax Credit application to the California Tax Credit Allocation Committee.

The remaining two projects have pending environmental reviews. The Commission will return to your Board in separate actions to recommend awards for these remaining projects and the remainder of the NOFA Round 20 funding.

FISCAL IMPACT/FINANCING

The recommended loan will provide a total amount of up to \$3,450,000, comprised of \$2,600,000 in Affordable Housing Trust Funds and \$850,000 in Homeless Service Center Funds allocated by the First Supervisorial District. Funds for this loan will be incorporated into the Commission's approved Fiscal Year 2015-2016 budget as needed and included in future Fiscal Year budgets, accordingly.

The First Supervisorial District previously allocated \$750,000 in Homeless Service Center Funds to the Commission for award through the NOFA. The additional \$100,000 in funding will be combined with the existing funds to complete the loan to the Mosaic Gardens at Pomona project.

The final loan amount will be determined following completion of negotiations with the developer and arrangements with other involved lenders. The loan will be evidenced by a promissory note and secured by a deed of trust, with the term of affordability enforced by a recorded Covenants, Conditions, and Restrictions document.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 10, 2014, a total of \$22,750,000 was made available for NOFA Round 20. To meet demand, the Commission was able to add one-time funding comprised primarily of returned funds from prior NOFA rounds, bringing the total available to \$31,000,000. Of this total, approximately \$24,350,000 consists of Community Redevelopment Agency Low-Income and Moderate-Income Housing Fund Due Diligence Review Funds, which the Board of Supervisors has allocated to the

Commission for the administration and development of affordable multifamily rental housing. Additionally, there were \$4,000,000 in HOME funds, and \$2,650,000 in Homeless Bonus Funds allocated by the First Supervisorial District.

A total of 12 applications were received by the October 22, 2014 deadline. Proposals were scored on Design and Sustainability, Supportive Services, and Financial Feasibility. Technical reviews were performed by consultants. Applicants were notified of the scoring results and given two business days to appeal individual scores for procedural or technical errors. A total of four appeals were received. The Commission's Independent Review Panel (Panel) reviewed the consultants' technical scoring and evaluated the applicant appeals before making funding recommendations to the Commission's Executive Director.

Of the 12 applications received, the Panel issued funding recommendations for 11 projects. However, there is only enough funding available to assist 10 projects. Seven of the 10 projects were previously approved for funding by your Board. The Mosaic Gardens at Pomona project consists of 49 new affordable housing units, of which 25 will be reserved for homeless individuals and families that are also frequent users of the County's healthcare system, with one unit reserved for the onsite manager.

The loan agreement and related documents will incorporate affordability restrictions, target assisted populations, and include provisions requiring the developer to comply with all applicable federal, state, and local laws. The approval of this project will leverage approximately \$13.4 million in additional external resources. This is almost four times the amount of Affordable Housing Trust Funds invested.

The loan agreement and related documents for this project will reflect the special needs set-aside and indicate the number of assisted units, which will be no fewer than 15 rental units at rates affordable to households earning no more than 30% of the median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size. The loan agreement will require that the affordable housing units remain affordable for a period up to 55 years.

Subject to various underwriting requirements, LINC Housing Corporation may be required by the Commission or other lenders to create a single asset entity to designate ownership of the project. This designation will be a Commission-approved single asset entity created by LINC Housing Corporation prior to execution of the Loan Agreement and all related loan documents.

ENVIRONMENTAL DOCUMENTATION

The Mosaic Gardens at Pomona project was determined exempt from the requirements of CEQA by the City of Pomona in accordance with CEQA Guidelines Section 15332. The Commission's consideration of this determination satisfies the requirements of CEQA.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The requested action will increase the supply of affordable and special needs housing in the County of Los Angeles.

The Honorable Board of Commissioners

6/23/2015

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:CC:ml

Enclosures

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk

County of: Los Angeles
12400 E. Imperial Hwy., 1st Floor
Room 101, Norwalk, CA 90650

From: (Public Agency): Planning Division/City of Pomona
505 S. Garey Avenue
Pomona, CA 91766

(Address)

Project Title: Development Plan Review (DPR No. 2015-055)

Project Applicant: Michael de la Torre, on behalf of LINC Housing Corporation

Project Location - Specific:

1680 S. Garey Avenue (north of E. Franklin Avenue, east side of S. Garey Avenue)

Project Location - City: Pomona

Project Location - County: Los Angeles

Description of Nature, Purpose and Beneficiaries of Project:

Development Plan Review to allow for the development of an approximately 48,165-square foot, three-story residential apartment building containing 46 attached affordable housing units on a vacant 0.85 acre lot on property located at 1680 S. Garey Avenue.

Name of Public Agency Approving Project: City of Pomona - Dev. & Neighborhood Services Director

Name of Person or Agency Carrying Out Project: LINC Housing Corporation

Exempt Status: (check one):

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- ☒ Categorical Exemption. State type and section number: Sec. 15332, Class 32
- ☐ Statutory Exemptions. State code number: _____

Reasons why project is exempt:

The development project (a) is consistent with the General Plan and Zoning Ordinance of the City of Pomona; (b) parcel is smaller than 5 acres; (c) site has no value as habitat for endangered, rare or threatened species; (d) will not have significant effects upon the environment; and (e) site can adequately be served by utilities and public services.

Lead Agency

Contact Person: Andrew A. Gonzales Area Code/Telephone/Extension: 909-620-2191

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? ☐ Yes ☐ No

Signature: Andrew A. Gonzales Date: 6/1/15 Title: ASSOCIATE PLANNER

☒ Signed by Lead Agency ☐ Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: N/A